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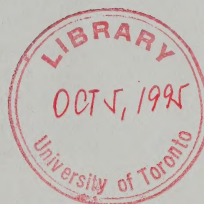
CHILD CARE IN CANADA

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CHILD CARE IN CANADA



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Political and Social Affairs Division

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CHILD CARE IN CANADA*

ISSUE DEFINITION

Child care continues to be a subject of considerable controversy in Canada. Opinions on child care cover a broad spectrum; from those that support a national child care program to those based on the belief that children are best cared for by the mother in the family home. The fact that more and more women with children are now working full or part-time in the paid labour force means that child care will remain an important social issue for the foreseeable future.

In 1970, the Royal Commission on the Status of Women urged the establishment of a National Child Care Act to provide affordable and high quality care for children with parents working outside the home. Since then, two parliamentary studies on child care and the reports of several other parliamentary committees have also made important recommendations. In December 1987, the federal government announced a national policy on child care and, in July 1988, introduced Bill C-144, the Canada Child Care Act, which was later debated in Parliament. The failure of the bill to pass in the Senate before the 1988 election call neutralized the policy.

Debates on child care issues focus on the most appropriate role for the federal government, public funding of private day care centres, the wages and qualifications of child care workers and standards of child care. A 1989 Decima research survey indicated that 64% of those polled felt that the government should provide additional support for child care services, "even if it is costly."

* This paper is a rewritten version of an earlier Current Issue Review with the same number.

BACKGROUND AND ANALYSIS

A. Child Care in Canada: A Short History

The need for access to child care services is far from being a new social issue in Canada. Women have always worked, so there have always been children in need of care. While the provision of child care has been, by and large, informally organized, at specific times non-governmental agencies and organizations have played a primary role in this respect. Similarly, under certain conditions the federal government has been a key actor in child care.

Some of the earliest child care facilities were already in operation in Canada in 1854. Between the mid-1800s and the early 1900s, facilities were in place in both Montreal and Toronto. Not surprisingly, these establishments were directed at the parents (primarily mothers) working in various industries and as domestic help in the homes of wealthier families. Operated on a charitable basis, the facilities were also part of a moral plan to "save" young children from poverty, immorality and juvenile delinquency. Despite their lofty intentions, research indicates that most centres served children only one small meal in a day that was sometimes as long as 12 hours. Days were characterized by strict discipline, sometimes along with religious training and coaching in morals and manners. During this period, religious institutions and charity organizations played the largest part with regard to the welfare of children of working parents.

It was not until the early 1900s, particularly after World War I, that governments began to take a more active role in issues concerning children. In part this shift may be accounted for by a general decline in birth rates, continued rates of high maternal mortality, and illness and complications directly related to childbirth. In 1922, the federal government's newly created Division of Child Welfare produced a series of booklets containing child-rearing advice and opened clinics for expectant mothers and babies. At about the same time, child study programs, including nursery schools and kindergartens based on behaviourist and Freudian psychology, were established at the University of Toronto and McGill University.

World War II is often cited as a landmark with respect to the state's involvement in child care. Despite the overwhelming tendency to disapprove of working mothers, women's paid labour became a necessity during World War II both in war industries and in order to fill positions left vacant by men who had joined the forces. Two actions by the federal government

supported the entry of married women (with or without children) into the paid labour force. First, the *Income Tax Act* was substantially revised in order to allow husbands to claim their working wives as dependants, regardless of their employment income. Subsequently, the federal government also instituted a program to subsidize nurseries and after-school programs for working mothers, in order to facilitate their entry into paid employment. This arrangement was codified in the *Dominion-Provincial Wartime Day Nurseries Agreement*, enacted in 1942. Despite the fact that all provinces had the opportunity to take part in these arrangements, Ontario and Quebec were the only provinces to do so and when women's paid labour was no longer seen as necessary, they withdrew their commitment.

B. Child Care in Canada: The Present Situation

Some child care advocates claim that it is easy to describe Canada's child care system: Canada doesn't have such a system. Although no national program exists, a number of mechanisms are important for an understanding of current child care arrangements in this country.

The provinces and territories are primarily responsible for such care. Consequently, provinces enact their own child care legislation and establish the accompanying regulations regarding number of attendants per child, physical requirements of child care settings, training etc. It is this situation that accounts for the broad variation in standards and other aspects of child care in Canada. Child care advocates argue that a national child care program would help to eliminate these variations and would provide a framework for standardized child care on a national basis.

1. Canada Assistance Plan (CAP)

The federal government is involved in child care in Canada through the Canada Assistance Program (CAP) established in 1966. Through CAP, provinces are required to participate in the provision of a spectrum of social services and social assistance. CAP, generally referred to as Canada's primary piece of welfare legislation, enables the federal government to allocate federal funds for services and areas that are primarily in provincial and

territorial jurisdictions. Despite the fact that CAP funding goes towards the provision of child care in Canada, it was not specifically designed to do so.

Because CAP is fundamentally welfare-related, CAP funds are used to underwrite costs of child care services for families who are "in need" or are "likely to become in need" without access to subsidized child care services. CAP funds child care spaces through providing fee subsidies to eligible families and funding a portion of child care services and programs in non-profit centres for families that "pass" the income-testing guidelines. Under current guidelines, the federal government pays 50% of the costs of child care provided to eligible families, provided that the province initiates the funding by, in effect, first spending the other 50%. Current estimates indicate that the federal government spent approximately \$310 million on child care subsidies through CAP. The 1990 cap on CAP of 5% in the provinces of Ontario, Alberta and British Columbia has reduced the federal share of provincial spending to below 50% in all three provinces. However, Alberta has held its expenditure increases below the 5% ceiling since 1993.

In the context of departmental initiatives, subsidies for child care are also funded at the federal level. Indian and Northern Affairs Canada funds child care services for status aboriginal people living on reserves in the provinces of New Brunswick, Alberta, Ontario and Quebec. In 1992, the federal government spent approximately \$8.6 million on subsidies to child care programs meeting provincial standards.

Those who are participating in federally sponsored training programs are eligible for a \$20 per day Dependant Care Allowance to help offset the costs of care for their young children. In 1993-94, federal expenditures in this area amounted to \$90 million.

The federal government also participates in child care funding in other, less direct, ways. For example, the Child Care Expense Deduction (in the federal *Income Tax Act*) allows parents to claim a tax deduction to underwrite some of the costs of purchasing their own child care arrangements. Prior to the 1992 budget, a range of programs and provisions known as "child and family benefits" were available to support families with children. In 1992, however, the government introduced a number of changes to the system, and established the new program known as the Child Tax Benefit Plan.

2. Child Tax Benefit Plan

The new benefit, which went into effect in January 1993, replaced existing benefits and consists of a basic component and an earned income supplement. The basic component replaced the three largest programs in the family benefits package: family allowances, the refundable child tax credit, and the non-refundable child tax credit. The new benefit is similar to the former refundable child tax credit. In 1993, families with net incomes of up to \$25,921 receive the maximum benefit.

The maximum payment under the basic component of the new scheme is \$1,020 for each child aged seven to 17; children aged six and under are eligible for a maximum benefit of \$1,233. The third and each additional child receives an extra \$75. Like former programs, the new benefit is partially indexed, to the amount that inflation exceeds 3%.

The reduction rate for families varies depending upon the number of children in the family. Above the income threshold, benefits are reduced by 5% for families with two or more children, while families with only one child have their benefits reduced by 2.5% or 2.5 cents per dollar.

The second component of the new system includes an earned income supplement designed to assist working poor families with employment earnings of \$3,750 or more. The supplement is calculated at a rate of 8%. Once family earnings reach \$10,000, families are eligible for the maximum benefit of \$500, which continues until net family income reaches \$20,921. Beyond that threshold, the earned-income supplement is reduced by 10% of net income. Once family income reaches \$25,921, the benefits disappear. The earned-income supplement is partially indexed, to the amount of inflation over 3%.

Under the new proposal, the Equivalent-to-Married Credit, which reduces the amount of federal and provincial income tax payable for tax-paying single-parent families, remains the same. The credit is worth approximately \$1,416 in total federal and average provincial income tax savings in 1993.

The Child Care Expense Deduction (CCED) has been increased under the new plan. A maximum deduction of \$5,000 is permitted for a child under seven years of age while \$3,000 per child is permitted as a deductible expense for children aged 7 to 14. The deduction

has to be claimed by the lower-income spouse, who cannot file for a deduction exceeding two-thirds of his or her income. The deduction cannot be claimed without a receipt from the caregiver, who, it should be pointed out, may be reluctant or unwilling to give receipts because she herself might be taxed or her spouse might lose the spousal exemption. Provincial and territorial governments whose tax systems are linked to the federal system - that is, all provinces other than Quebec - ~~contribute automatically to the cost of the child care expense deduction~~, although tax rates differ from one province to another. **In 1992, claims for the CCED reduced federal taxes by \$310 million. Approximately 710,000 individuals claimed the CCED in 1992, the most recent year for which statistics are available.**

This measure does not benefit all claimants equally; its value depends on family size and taxable income; a single parent with no taxable income would not benefit at all. Upper-income families actually realize greater benefit from this measure than do single-parent or working-poor households. The deduction remains unindexed.

Not surprisingly, there are differing views on the strengths and weaknesses of the new system. In general, most analysts agree that it has some advantages over the old system in that it streamlines the delivery of child and family benefits by rolling three programs into one. The new system also removes the advantages that accrued to common-law couples, who, under the old system, could claim the Equivalent-to-Married tax credit for their first child. The new system ensures equal treatment of married and common-law couples.

Under the old system, families received monthly cheques, while those that qualified for the Child Tax Credit received their payments once or twice a year. In the new system, qualifying families receive higher monthly cheques and are not required to wait for an annual payment. Similarly, the new system takes a step forward by providing income assistance to working poor families. According to analysts, an additional advantage of the new system is the elimination of the "clawback" on family allowances, which, while claiming to maintain universal social benefits, in fact eroded universality through a complex and cumbersome system of taxing back benefits. The new system is much more "up-front" and does not purport to maintain universality.

Critics of the new system argue that substantial cost is involved in eroding and eliminating universal social programs. For some, this debate has implications for the overall

philosophical foundation of the welfare state that developed in Canada after World War II. Some critics argue that the erosion of such programs puts us on the "slippery slope" toward the erosion of other social programs, such as health care.

In actual dollars received, there is also concern that the new proposal does not substantially improve the incomes of poor families with children. According to some critics, a family receiving social assistance will receive no increase as a result of the new system, while a family earning \$120,000 will actually see some financial gain.

The problem of partial indexation is also identified as a weakness of the new system. The real value of benefits will fall steadily over time, since the benefit itself and the threshold upon which it is calculated are indexed to the amount of inflation above 3%. Over time, fewer and fewer working poor households will qualify for maximum benefits and fewer and fewer middle income households will qualify for even partial benefits. This means that both welfare and working-poor families are likely to slip further and further below the poverty line. Revisions to these benefits may follow from discussions that are ongoing in the context of the social security review (see page 17).

C. Contemporary Issues and Concerns

1. Is Child Care Good for Children?

After nearly one half decade of research into the effects of child care on children, there is widespread agreement that children who receive high quality child care do at least as well as children who are reared in their homes by their parent or parents. Assessing the quality of child care arrangements involves a number of criteria that include considerations of the adult-child ratios, group size, curriculum, physical environment, materials and equipment, parental involvement and caregiver qualifications. Components of a high quality child care system are complex and can vary according to the age and cultural, economic and linguistic profiles of children and parents. Research has concluded, however, that good day care can contribute to the social and intellectual development of children. Furthermore, indications are that the child-parent attachment may be strengthened by good child care arrangements. Studies also confirm

that the physical health of young children is not compromised when they are enrolled in high-quality settings where rigorous standards of health and hygiene are applied.

Most child care advocates are in agreement that choice is a crucial issue. Some families opt to care for their children in their own homes; however, what is a reasonable choice and decision for one family is not necessarily so for another. Single parents with full-time jobs and young children and young mothers who wish to continue their education have no option but to use child care services. Dual-income households, significantly increasing in number, are also obliged to have child care arrangements. According to a number of national studies, lack of access to affordable, high quality and flexible child care is one of the most significant barriers to poor women who are seeking to improve their own and their children's circumstances.

2. Access, Affordability and Flexibility

It is extremely difficult to estimate the demand for child care spaces, particularly those that are affordable as a result of government subsidization under CAP. However, there is overwhelming evidence that Canadians have access to far fewer spaces than are required. As Table I indicates, in 1993 there were 3.2 million children with parents in the labour force or studying more than 20 hours per week, yet there were only 362,818 regulated child care spaces available. Although there was growth in the number of child care spaces in the 1970s and 1980s, in recent years the growth rate has declined, falling from somewhere near 16% growth to 2.9% growth in 1991. Table II shows the distribution of child care spaces by province and territory.

Statistics estimate that there has been a general decline in subsidized spaces. This is evident in the closure of 73 child care facilities in Ontario in the past two years and a virtual freeze on the allotment of subsidized spaces in other provinces. Costs for unsubsidized child care in licensed centres across Canada range widely. The Childcare Resource and Research Unit at the University of Toronto quotes ~~estimated average~~ monthly child care fees for infants and toddlers at \$792.00 in Ontario, \$438.00 in British Columbia, \$529.00 in Manitoba and \$370.00 in New Brunswick. Costs for older pre-school children are lower: \$518.00 in Ontario, \$374.00 in British Columbia, \$348.00 in Manitoba and \$327.00 in New Brunswick. Subsidies dramatically reduce the costs of child care spaces, in some cases by as much as 75%. In many centres, full-fee child care spaces remain empty while there are lengthy waiting lists for subsidized spaces.

Table I
Licensed Child Care Spaces Relative to Children of Employment Parents,
by Age Group, 1993

	Number of Children with Parents Employed or Studying Over 20 Hours per Week	Number of Regulated Child Care Spaces	Percentage of Children Served
0-17 Months	254,847	31,893	12.51%
18-36 Months	238,153	31,694	13.13%
3-6 Years	476,987	205,670	43.12%
All Children 6 and Under	969,987	269,257	28.00%
6-10 Years	880,694	89,838	10.20%
10-13 Years	381,569	3,723	.98%
All Children Under 13 Years	2,232,250	362,818	16.25%

Source: Status of Day Care 1993, Child Care Programs, Human Resources Development Canada.

Table II
Distribution of Child Care Spaces,
by Province and Territory, 1993

Province/ Territory	Number of Spaces	Centre Spaces	Family Day Care Spaces
Newfoundland	2,554	2,554	0
Prince Edward Island	2,504	2,444	0
Nova Scotia	7,125	6,989	136
New Brunswick	7,434	7,344	90
Quebec	93,608	81,398	12,210
Ontario	134,731	118,938	15,793
Manitoba	14,939	11,553	3,386
Saskatchewan	6,688	4,301	2,387
Alberta	51,731	43,615	8,116
British Columbia	39,896	27,761	12,135
Northwest Territories	831	775	56
Yukon	777	752	25
National	362,818	308,424	54,394

Source: Status of Day Care 1993, Child Care Programs, Human Resources Development Canada.

In the absence of child care spaces in licensed centres, some parents opt for home-based child care, making their arrangements through informal networks or through provincial offices that co-ordinate licensed home-based child care. Depending upon provincial regulations, those who offer home child care can apply to have their services certified and are then entitled to identify themselves as licensed home-care operators. Parents who make their child care ~~arrangements through family and neighbourhood networks and child care advocates report that~~, while informal arrangements are often successful, they bring a degree of unpredictability that may contribute to complications and uncertainty in child care arrangements.

As well as affordability and accessibility, flexibility of child care is a high priority for many parents, particularly for those employed in shift work, dual-earner families with parents on different work schedules, and single parents. Recent studies by Statistics Canada indicate that one in four Canadians in full-time employment worked in shifts; child care arrangements based on a "typical" 9-5 work day are not suitable for such parents. According to child care experts, flexibility also entails a recognition of the need for "inclusive child care" services that meet special requirements and can accommodate children who are mentally and physically challenged. Estimates indicate that approximately one in every 20 Canadian children lives with some form of disability and the exclusion of such children from child care services represents a significant gap in child care service provision.

3. High Quality Care Givers

Only relatively recently has greater attention been directed to the qualification and training of directors and caregivers in child care facilities. As jurisdiction regarding the training and qualification of child care workers and directors is strictly provincial, standards vary dramatically across the country. For example, in Saskatchewan a 42-hour orientation course is the basic level of required training; in Ontario, on the other hand, child care supervisors must have a two-year diploma in ~~early childhood education~~ and one of the staff with each child group must have this diploma or some equivalent. New Brunswick falls at the other end of the spectrum; the only legislated requirement is first aid training. The national inconsistency of training is an area of concern identified by many in the child care field.

According to child care advocates and researchers, the issue of high quality care needs to be given priority. In addition to appropriate child-centred training for care givers, most researchers agree that child to care-giver ratios need to reflect the needs of children. For children under three, a ratio of one adult for every three infants and one adult for every four to five toddlers is recommended. In home-based child care settings no more than five children per adult with no more than two children under the age of two years is often recommended.

There is also consensus that good quality child care entails parental involvement in the child care setting. Some centres operate on a cooperative basis where parents are members of the board, sit on committees, help make major decisions about staff training and set the policies of the centre. While other child care settings may not operate on this basis, there is still a need to ensure that parents are directly involved in the activities of their children and that open lines of communication are maintained. In general, criteria for good child care should include not only practical considerations such as reliability and affordability, but also caregiving consistent with the parents' values and beliefs.

4. Workplace Child Care and Flexible Work Arrangements

An often-proposed response to the limited access to child care services in Canada is to suggest the expansion of workplace child care facilities and flexible work arrangements. In fact, a number of large corporations, unions and sectors who employ large numbers of workers in the service industry now have such programs and policies in place. A brief survey indicates that there is a range of options open to employers who are willing to help employees to meet the competing demands of home and work.

The Canadian Auto Workers Union (CAW) negotiated a child care fund with the three major car manufacturers in 1987. The companies agreed to pay \$.50 per hour worked by each employee into a specified fund. In 1990, the contribution was increased to 1 cent. As a result, the CAW Child Care Centres opened in 1989 to provide child care spaces for 41 children up to five years old. Moreover, in recognition of the fact that employees have shiftwork, the centre operates from 6 a.m. until 1 a.m. daily. The union also started a family-home child care program in 1991. Caregivers are employees of the centre working in a variety

of sites, trained and supervised by program staff. It is expected that these services may be expanded in the future.

In 1985, Ontario Hydro opened a non-profit day care centre in its head office in Toronto. This centre was planned and established by a volunteer group of Ontario Hydro employees and is now completely self-sustaining. The company provided the initial capital costs (approximately \$600,000) for 62 child care spaces. According to Ontario Hydro employees, a large part of the success is due to the support received from management, which recognized the benefits of providing accessible, affordable and flexible child care and acted to demonstrate their support through concrete program initiatives.

In 1986, Xerox Canada introduced a pilot program to employees and their spouses in the form of an information, counselling and referral service. The service, Working Parents' Day Care Assurance Plan (WPDCAP) is funded as an operating expense of the employee relations and benefits department. Personal and confidential counselling services are offered on a wide variety of child care issues and options, depending upon parents' needs. Through counselling, parents are able to identify the particular care they want for their children and are guided to appropriate facilities.

In the early 1980s, workplace child care services were established in conjunction with the Public Service Alliance of Canada, the major union representing government employees. Five locations in the federal public service offer worksite child care; however, a moratorium placed on this service means that no new developments have taken place in recent years.

In addition to counselling services that respond to the needs of parents with young children, some places of work are also paying attention to "elder care." Many employees with aging parents find themselves in need of access to services that help them balance the care of young children and the care of their parents with their full-time employment responsibilities.

Flexible work arrangements are also now considered in the range of services that address the needs of parents with young children/and or aging parents who require additional care. While "flexitime" (one component of flexible work arrangements) can take a variety of forms, the term is generally understood to imply an arrangement whereby an employee may choose to define his or her own hours of work, around "core" hours of work (9:30 a.m. to

3:00 p.m.), during which all employees are expected to be in the workplace. In these situations, employees can arrange their working hours to suit their own needs. Other forms of flexitime allow an employee to accumulate extra hours of work during a specified period, which are then taken as time off at a later date. These arrangements work particularly well for parents with school age children, who require care during the summer months; parents can arrange to work their year of work during 10 months, ~~allowing them to take the summer months to spend time~~ with their children. A recent Statistics Canada study found that 1.7 million employees (16% of the paid workforce) were operating with some form of flexible work arrangement.

In Canada, as in the U.S., there has been a reluctance to detach publicly funded day care from its social welfare context. As a result, most working mothers have had to rely on informal day care arrangements. Thus, unlicensed family home care is the most prevalent type of child care in Canada. Child care on the work site, which is part of the licensed system, is still available to only a small segment of the population; a 1989 survey by the Conference Board of Canada found that only 4% of employers provided child care centres. Further study showed that employees wanted firms to support child care and to provide flexible working hours and leave for family responsibilities. As indicated above, some employers are responding with flexible working hours, part-time work and job-sharing.

Though some feel that the incentives for implementing a broader system of child care should follow naturally from the recognition of the increasing demand for such services, the development of a fully publicly funded system has been delayed by high financial costs and the continuing belief that children are best cared for by their mothers. Another controversial issue has been whether day care facilities should be operated on a profit or non-profit basis. Supporters of child care for profit argue that competition will encourage higher standards; its opponents point out that the wish to maximize profits might seriously jeopardize the quality of care given.

As the institution of the family continues to change, the demand for child care and flexible work arrangements is likely to become ever more pressing. The child care crisis is thus not only to do with care, but also with the need for a better parental leave system; the availability of both would enable parents to choose the arrangements best suited to their own needs.

PARLIAMENTARY ACTION

Since the 1970 Royal Commission on the Status of Women, many child care advocates have recommended major improvements in child care services and facilities and have criticized the funding of child care through the Canada Assistance Plan. Several reports, including the Royal Commission, the Cooke Task Force and the Special House of Commons Committee on Child Care, have also recommended the enactment of a National Day Care Act to provide some consistency in services across the country.

A. Federal Studies

The Report of the Task Force on Child Care (chaired by Katie Cooke) in 1986 proposed a publicly funded child care system as part of its long-term planning policy. It was suggested that this universal system would be gradually developed and would cost \$11.3 billion by 2001. Today, the cost of a publicly funded system might not be as high as the Task Force suggested because the government would no longer be paying for the same tax deductions or cost-sharing under CAP. Furthermore, the number of jobs in child care and related industries would rise, and tax recovery would be increased. The Task Force also recommended a wide range of short-term and middle-term measures, including improved parental leave and benefits and partial user fees, to meet the most urgent need.

The Special Committee on Child Care, which tabled its report in March 1987, proposed a \$700-million child care package. This would have included \$414 million to pay for the replacement of the child care expense deduction with a new child care expense credit and the introduction of a refundable child care tax credit. The Committee suggested that up to \$559 million more be spent annually on subsidies to parents and on operating and capital grants to day care. This measure would have brought federal day care support to about \$900 million in 1987 from \$317 million in 1986, excluding other federal child benefit programs (family allowances, tax credits and exemptions) worth \$4.8 billion in 1986.

The main features of the Committee's recommendations are listed below:

- a child care expense credit to a maximum of \$900 per child under 14 to replace the Child Care Expense Deduction;
- a tax refund for parents who use unlicensed care and cannot get receipts. The parents could claim a tax refund of \$200 for the first child under six years, \$100 for the second and \$50 for each additional child;
- an amendment to the *Unemployment Insurance Act* to change maternity benefits to parental benefits and to extend the benefit period;
- introduction of tax incentives to encourage businesses to set up workplace day-care centres;
- introduction of three-year capital and operating grants for day care facilities;
- the conducting of research into day-care services for native and rural children and children with special needs;
- the implementation of a child care secretariat within the federal health department;
- the development of more training facilities for child care workers.

B. National Child Care Plan and the *Canada Child Care Act*

On 3 December 1987, former Health and Welfare Minister Jake Epp announced the government's long-awaited national child care plan. The objective of this national strategy was to provide more accessible, affordable and good quality child care services through tax incentives and by increasing the number of child care spaces in Canada by 200,000 over seven years.

Under this plan, Ottawa would have allocated a total of \$6.4 billion over seven years, including \$4 billion to federal-provincial cost-sharing under the auspices of a new Child Care Act, \$2.3 billion in tax credits and deductions, and \$100 million for a special initiatives fund for research and development.

The federal proposal was that parents of children aged six and under would be able to double the child care expenses deduction of \$2,000 from their taxable income in the 1988 income tax year. While the deduction would have remained at \$2,000 for older children, the

proposed child care plan would, for the benefit of larger families, have removed the \$8,000 family limit for child care expenses. Parents staying at home to care for their children, or those without receipts for child care expenses, would have been able to claim an additional \$100 tax credit per child in 1988 and \$200 in years after that.

Bill C-144, the Canada Child Care Act, was introduced in the House of Commons on 25 July 1988. Throughout the first half of 1988, ~~negotiations had been underway to establish~~ how the \$4 billion for federal-provincial cost-sharing would be spent. The federal contributions made under the proposed Act would have replaced the cost-sharing system under the provisions of the Canada Assistance Plan. Bill C-144 would have committed the federal government to share both capital and operating expenditures for child care expenditures up to a maximum of \$4 billion for a seven-year period. Operating expenses would have been shared on a 50% federal:50% provincial basis, while capital costs would have been shared on a 75%:25% basis.

Bill C-144 passed second reading on 24 August 1988 and was referred to a legislative committee. The lobby groups that appeared before this committee severely criticized the bill for placing a ceiling on funding, for subsidizing for-profit care, for providing insufficient spaces, for lacking federal objectives for high quality care, and for omitting the enforcement of standards. The legislative committee reported back to the House with amendments on 13 September. On 27 September, the bill went to the Senate where these issues were again debated. When the Prime Minister called an election on 1 October 1988, Bill C-144 had not yet passed through the Senate, and therefore died.

Bill C-144 was only one of four elements of the federal government's child care policy that had been announced in December 1987. The tax measures were implemented with the amendments to the *Income Tax Act* (Bill C-139) and the Child Care Initiatives Fund was established early in 1988.

In December 1988, the National Council of Welfare released its report *Child Care: A Better Alternative*, which was very critical of the national strategy. It recommended that more money be spent on subsidized spaces and less on tax breaks for parents. The Council also argued that there should be no fixed ceiling on federal money to help the provinces and territories cover the operating costs of child care programs, that the Child Care Act should set

out basic principles, and that Ottawa should be able to withhold funds from provincial governments with unacceptably low child care standards. No new commercial centres should be funded. Changes to maternity benefits under unemployment insurance were also recommended, as was a plan to make parental benefits available to both mothers and fathers.

On 11 April 1989, the federal government announced that 10 weeks of parental leave would be added to ~~maternity benefits under Unemployment Insurance. This leave would~~ be available to either the mother or the father for child care at the time of a child's birth, assuming that provincial governments amended their labour legislation to conform to federal standards.

C. February 1992 Budget

As anticipated, the federal government made some initial announcements on a plan related to child welfare in the February 1992 Budget. Part of the new strategy is reflected in the Child Tax Benefits Plan as discussed above. Absent from this plan is funding for an expanded child care program. The decision to focus funds on a range of child-related issues such as sexual abuse and violence, while abandoning a national child care policy, has been criticized by a number of social agencies and child care advocates.

D. Social Security Review

In mid-January of 1994, the government announced its intention to review and restructure Canada's social security system within a two year-time frame. In phase one of a two-phase process, the House of Commons Standing Committee on Human Resources Development (H. of C. HRD) heard from Canadians about their concerns and priorities with respect to income security, training, education, social welfare and other aspects of Canada's social security system. In the second ~~phase, the Committee~~ will hear the reactions of Canadians to the government's discussion paper. A summary of the findings of the first phase is contained in the Standing Committee's interim report.

In phase one, the Committee received a number of messages regarding the place of child care in the context of social security reforms. While one or two groups felt that funding

a national child care strategy was an expense that the country could not afford, others warned that the country is likely to pay extremely high long-term costs if access to adequate, affordable, flexible and high quality child care is not addressed in the social security review. The discussion paper, released in October, reaffirms the government's commitment of \$720 million in new child care funds over three years beginning in 1995-96. In addition, the document indicates the need for close federal-provincial/territorial collaboration on key issues such as allocation of funding, standards of care and service delivery.

On 6 February 1995, the House of Commons Standing Committee on Human Resources Development tabled its report *Security, Opportunity and Fairness: Canadians Renewing Their Social Programs*. Child care advocates had hoped that the report would make a formal recommendation for establishing child care funding as a "stand alone" program, taking it outside the "welfare" mandate of the CAP. In this context, advocates continued to see a strong role for the federal government, particularly with respect to the establishment and implementation of cross-country standards for child care based on the principles of availability, flexibility, quality, affordability and accountability. Although the Committee's report clearly showed awareness of the long-standing concerns of child care advocates, it fell short of making a formal recommendation for the establishment of a national child care program. The report did, however, recommend that the federal government and the provinces and territories discuss the development of a more coordinated approach to child care.

CHRONOLOGY

- 1942 to 1945 - The federal government provided cost-sharing for day care in Quebec and Ontario.
- July 1966 - The Canada Assistance Plan (CAP) extended cost-sharing to day care for children from poor families.
- 7 December 1970 - The Royal Commission on the Status of Women in Canada tabled its report calling for the adoption of a National Day Care Act to establish accessible and affordable high quality child care.

- July 1972 - National Day Care Information Centre was established within the Department of Health and Welfare.
- March 1983 - The Canadian Day Care Advocacy Association was founded. The Association initiated a national campaign based on demands for a federal-provincial maintenance grant, a National Day Care Act, the establishment of national standards and the goal of universal access to good quality child care.
- 20 November 1984 - The Royal Commission on Equality in Employment (Abella Report) tabled its report. This recognized that for mothers a major barrier to equality in the workplace is the absence of affordable child care of adequate quality.
- 30 May 1984 - The federal Minister Responsible for the Status of Women announced the establishment of a four-member Task Force on Child Care, headed by Dr. Katie Cooke.
- 7 March 1986 - The Report of the Task Force on Child Care was tabled.
- March 1987 - The Special Committee on Child Care released its recommendations on the issue, after a one-year study.
- 3 March 1987 - Health Minister Jake Epp announced that the government would initiate a new national day care program to be unveiled at a later date.
- 3 December 1987 - Details of the federal government's national child care plan were announced.
- 25 July 1988 - Health Minister Jake Epp introduced Bill C-144, the Canada Child Care Act.
- 13 September 1988 - Royal Assent was given to Bill C-139, which amended the *Income Tax Act*, including doubling the Child Care Expense Deduction for preschoolers and raising the Child Tax Credit for parents without child care receipts.
- 1 October 1988 - Bill C-144 died when an election was called.
- December 1988 - National Council of Welfare proposed an alternative to the government's "national strategy."

- May 1989 - A federal court ruled that refusal to allow a self-employed parent to deduct the full cost of a nanny or day care from taxable income was a violation of the *Charter of Rights and Freedoms*.
- March 1990- The federal budget's new restrictions on the amount of money allocated to the provinces under the Canada Assistance Plan affected spending on child care in the provinces. British Columbia, Alberta and Ontario challenged this move.
- June 1990 - The Meech Lake Accord collapsed. This further threatened the status of federal-provincial cost-shared programs such as the Canada Assistance Plan, under which funding for child care is administered.
- September 1990 - The Tax Court of Canada ruled that wages paid to a child care worker while a parent is on maternity leave are tax-deductible. The decision was based on the fact that parents may find it necessary to continue to pay these wages in order to ensure that the caregiver will still be available when maternity leave ends. Thus these costs qualify as employment-related.
- February 1991 - The February budget extended the existing 5% ceiling on money allocated to the provinces of Ontario, British Columbia and Alberta under the Canada Assistance Plan, through which child care subsidies are jointly funded by the provinces and the federal government.
- June 1991 - The May 1989 court decision on the tax status of nanny or day care costs was overturned on appeal.
- February 1992 - The February budget altered the child benefit package in Canada and increased the limits on the Child Care Expense Deduction from \$4,000 for children less than seven years of age to \$5,000, and from \$2,000 for children between seven and 14 years to \$3,000.
- February 1992 - The federal government announced that plans for a national child care strategy had been cancelled, due to fiscal circumstances.
- July 1992 - The first report of the Canadian National Child Care Study, funded by Health and Welfare Canada, the Social Sciences and Humanities Research Council of Canada and the provinces of New Brunswick and Ontario, was released. Among its highlights of the study were that: approximately 60% of families

with children under 13 years of age needed some child care to support parental employment; in 1988, child care was required by an estimated 2.7 million children in order to support parental employment; and diverse parental work schedules necessitate access to flexible and affordable child care. This was the first of a series of research reports intended to cover issues such as infant care, children with special needs, perceived effects of child care, affordability and availability of child care, and provincial differences in child care use.

- January 1994 - The government announced its intention to reform Canada's social security system within a two-year time frame. A number of groups and individuals referred to the importance of child care in the context of changes to the social security system.
- October 1994 - The government released *Agenda: Jobs and Growth, Improving Social Security in Canada*. A supplementary paper, *Child Care and Development*, was also released.
- February 1995 - *Security, Opportunity and Fairness: Canadians Renewing Their Social Programs*, the report of the House of Commons Committee on Human Resources Development, was tabled. While the Report did not make a formal recommendation on the establishment of a national child care program, it underscored the existing inadequacies in child care funding, the uneven nature of child care services and the low value placed on the work of care givers. The report recommended that the upcoming federal- provincial/territorial discussions, based on existing commitments to increased funding, serve as the basis for establishing a strengthened and improved child care system in Canada. Child care advocates have expressed disappointment with the lack of clear policy direction in the report.

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